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MONTANA STATE DEPARTMENT
900
Helena, Montana 59601

STATE DOCUMENTS

PUBLIC EMPLOYEES'
RETIREMENT SYSTEM

of the

State of Montana

1954 — 55

TENTH ANNUAL REPORT

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STATE OF MONTANA
PUBLIC EMPLOYEES RETIREMENT SYSTEM
SAM W. MITCHELL BUILDING
ROOM 236 PHONE 4102
HELENA, MONTANA

September 15, 1955

*Honorable J. Hugo Aronson
Governor of Montana
Helena, Montana*

Dear Governor Aronson:

The Board of Administration of the Public Employees' Retirement System of Montana herewith presents its Tenth Annual Report of its operations and progress during the fiscal year of 1954-55 in compliance with the provisions of Section 68-501 (c), Revised Codes of Montana, 1947.

We take great pleasure and satisfaction in reporting not only our increased growth in membership and assets during the past fiscal year but the significant progress that our department has experienced during its first decade of operation which ended on June 30, 1955.

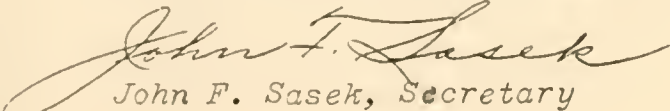
We feel that the new amendments to the Public Employees' Retirement Act which were enacted by the Thirty-fourth Legislative Assembly of Montana will materially assist us in the administration of our department and better serve the interests of our members, and we wish to express our appreciation to you and all the members of that legislature for your support and approval of the new amendments.

The Public Employees' Retirement System contributes materially to the improvement of the personnel standards for efficient, economic and stable public service among the employees of the State of Montana and its political subdivisions through its provision for some measure of security to its members and beneficiaries who devote a large portion of their lives to public service.

We appreciate the opportunity of providing full and complete benefits to our faithful and deserving public employee members and trust that we may always be able to reward their service with the full measure of security it merits.

Respectfully submitted,

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM


John F. Sasek, Secretary



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REPORT AS OF JUNE 30, 1955

For the Period Beginning July 1, 1954, and Ending June 30, 1955

BOARD OF ADMINISTRATION

<i>Mrs. Elmer Schye, White Sulphur Springs</i>	<i>President</i>
<i>Malcolm Bowden, Helena</i>	<i>Vice President</i>
<i>Hubert G. White, Townsend</i>	<i>Member</i>
<i>Joe D. Brown, Missoula</i>	<i>Member</i>
<i>Irvin G. Snyder, Helena</i>	<i>Member</i>

ADMINISTRATIVE STAFF

<i>John F. Sasek</i>	<i>Secretary</i>
<i>D. Eddie Walsh</i>	<i>Chief Accountant</i>
<i>Floyd E. Young</i>	<i>Consulting Actuary</i>

THE HISTORY OF THE

REIGN OF KING CHARLES THE FIRST
IN WHICH ARE CONTAINED
THE MOST IMPORTANT PASSES OF HIS REIGN

BY
JOHN BURNET
BISHOP OF SALISBURY
AND
OF ELY
IN TWO VOLUMES.
THE SECOND VOLUME.

LONDON:
Printed by J. Sturges, in Pall-mall.
1704.

LEGISLATION

There were several amendments made to the Public Employees' Retirement Act by the Thirty-fourth Legislative Assembly of 1955. These were approved and signed into law by Governor J. Hugo Aronson on February 23 and March 2, 1955, and became effective as of the dates indicated after each change listed below. The Social Security amendments for public employees were approved and signed into law on March 15, 1955, and are noted here since these amendments designate the Public Employees' Retirement System as the agency to administer Federal Social Security for public employees in Montana effective as of July 1, 1955.

The changes effected by the 1955 amendments are:

1. Compulsory retirement of members of the Public Employees' Retirement System at the age of seventy (70) is no longer mandatory or discretionary for the Board of Administration but is now left to the control of the employer agencies. (Effective July 1, 1955)
2. "Temporary" employees are no longer classified as such but are subject to membership the same as regular employees. (Effective July 1, 1955)
3. Appointive members of boards or commissions who serve on a per diem basis and intermittently are no longer eligible for membership in the retirement system. (Effective March 2, 1955)
4. New employees who are sixty (60) or more years of age at the time of employment, and who have never previously been employed in covered public service in Montana are ineligible for membership in the retirement system unless they elect membership. (Effective March 2, 1955)
5. All prior service credit in covered agencies shall be granted to a member upon retirement provided that he or she has completed ten (10) or more years of creditable public service in Montana and contributed as a member to the retirement system for at least three (3) years, and provided that such prior service credit has not previously been qualified. (Effective March 2, 1955)
6. All compensation earned by a member will be subject to deductions for membership in the retirement system thus removing the previous salary limitation of \$416.66 per month. (Effective July 1, 1955)

7. Members who have been earning salaries in excess of \$416.66 per month and contributing for membership thereon may qualify their actual compensation retroactively to July 1, 1952, by paying contributions on the excess amount plus a three (3) percent employer share. (Effective July 1, 1955)
8. Every member will be entitled to receive 100% of his or her contributions upon demand after the termination of his or her service and the receipt of all contributions to the retirement system providing such termination is on or after July 1, 1955. (Effective July 1, 1955)
9. All members retired on disability retirements may be subject to annual examinations requested by the Board of Administration regardless of age or type of disability. (Effective March 2, 1955)
10. Retired members may be re-employed by a covered public agency during emergency periods after retirement on a temporary basis but will lose retirement benefits during the period of such emergency employment. (Effective March 2, 1955)
11. Retirement benefits will no longer be subject to state or municipal taxes. (Effective March 2, 1955)
12. Governing bodies of political subdivisions which are contracting members of the retirement system may add Federal Social Security coverage to their present coverage under the Public Employees' Retirement System for their employees by a referendum authorized by the Governor. (Effective July 1, 1955)
13. State employees may secure Federal Social Security coverage in addition to their present membership in either the Public Employees' Retirement System or the Teachers' Retirement System through a referendum authorized by the Governor. (Effective July 1, 1955)
14. Governing bodies of school districts and colleges may provide Federal Social Security coverage for their teachers and professional employees who are members of the Teachers' Retirement System through a referendum authorized by the Governor. (Effective July 1, 1955)

INCOME AND DISBURSEMENTS 1954-55

Assets as of June 30, 1955 \$ 9,183,971.92

INCOME FOR YEAR ENDING June 30, 1955:

Interest on Investments	\$ 297,983.74
Employees' Contributions	1,717,901.44
Employers' Contributions	831,607.77
Contributions to Expense	121,619.49
Prior Service Purchased	<u>8,349.26</u>
TOTAL INCOME	2,977,461.70
BALANCE CARRIED FORWARD	\$12,166,433.62

DISBURSEMENTS FOR YEAR ENDING June 30, 1955:

Capital Disbursements:	
Retirement Payments--A.R.F.	\$ 48,754.94
Retirement Payments--P.A.F.	480,926.42
Disability Payments--A.R.F.	13,912.82
Disability Payments--P.A.F.	137,034.56
Death Payments--A.S.F. Refunds	70,566.75
Death Payments--P.A.F.	65,364.01
Employees' Savings Refunds	402,010.06
Membership Fee Refunds	0.00
Employer Refunds	<u>129.42</u>
TOTAL CAPITAL DISBURSEMENTS	\$ 1,218,698.98

Investment Disbursements:	
*Bank Service Charge	\$ 18,472.90
Premium Charge Off--Bonds and Mortgages	44,639.17
Interest Purchased on Investments	<u>7,430.08</u>
TOTAL INVESTMENT DISBURSEMENTS	\$ 52,069.25

*Bank Service Charge is not included in the total as this charge is withheld by the servicing agency before making remittance to the Retirement System.

Disbursements for Administrative Expense:	
Salaries	\$ 37,697.81
Legal and Actuarial Fees	3,300.00
Travel Expense, Employees	1,750.15
Travel Expense, Board Members	1,909.58
Per Diem, Board Members	800.00
Telephone & Telegraph	635.79
Printing	257.35
Postage	683.90
Supplies	883.42
Service Contracts	671.79
Insurance and Bonds	136.64
Dues	50.00
Medical and Investigation Expense	356.40
Departmental Contribution to FERS	1,184.92
Depreciation, Furniture & Fixtures	1,816.53
Miscellaneous	<u>97.97</u>
TOTAL ADMINISTRATIVE EXPENSE	\$ 52,232.25
TOTAL DISBURSEMENTS	1,323,000.48
BALANCE -- June 30, 1955	<u>\$10,843,433.14</u>

ASSETS AND LIABILITIES STATEMENT

ASSETS:

*Cash	\$ 213,978.21
*Bonds, U. S. Government	4,896,993.75
*Bonds, Montana Municipals	1,783,547.06
ⓄMortgage Loans (G.I. and F.H.A.)	3,935,202.40
ⓄWarrants, Registered	46.11
Furniture & Fixtures	8,665.61
Advance to Social Security Division	<u>5,000.00</u>

TOTAL ASSETS \$10,843,433.14

LIABILITIES:

#Interest Account	\$ 0.00
Employees' Savings Account	7,085,169.02
Employees' Annuity Reserve Fund	641,494.96
Pension Accumulation Fund	2,512,134.58
Expense Fund	4,700.87
Revenue Accumulation Fund	732.32
Annuity Savings Interest Reserve	<u>599,201.39</u>

TOTAL LIABILITIES \$10,843,432.14

*On Deposit with State Treasurer.

ⓄHeld in Retirement System Office.

#The interest account has been distributed as follows:

Transferred to the Reserve for interest required on Annuity Savings Fund	\$ 190,042.85
Transferred to P.A.F.	<u>55,871.64</u>
TOTAL TRANSFERRED	\$ 245,914.49

This transfer was effected in accordance with
the computations of the Actuary.

The assets and liabilities, in detail, were
examined and verified by the office of the State
Bank Examiner and a copy of the report of that
examination is on file in the retirement office
available for inspection.

COMPARISON CHART OF ASSETS AND DISBURSEMENTS

	<u>1953-54</u>	<u>1954-55</u>	<u>Percentage of Change</u>
Capital Disbursements	1,123,030.08	1,218,698.98	Up 8.51%
Administrative Expense	57,047.96	52,232.25	Down 8.44%
Assets at end of year	9,188,971.92	10,843,433.14	Up 18.00%
Investments at end of year	8,944,003.24	10,620,789.32	Up 15.79%
Ratio of Administrative Expense to Assets	.621%	.482%	Down .139%
Ratio of Administrative Expense to Total Expense*	.483%	.369%	Down .087%

*The total expense figure does not include disbursements on investments as these disbursements are in part recoverable as accrued interest and the remainder are costs to earned interest income and are reflected in total yield from investments.

The comparison shown above indicates that 8.51% more was disbursed in all benefits during the fiscal year and that 18.00% more was held in assets. This increased our investments by 15.79% while the administrative expense decreased 8.44%. The ratio of administrative cost to assets has been decreased .139% and the ratio of such expense to the total expenses decreased by .087% indicating that an increased workload is being handled at a lower cost.

RECAPITULATION OF INVESTMENTS

MONTANA MUNICIPAL BONDS:

Meagher County Court House Bonds	\$ 12,250.00
Ravalli County, General Obligation	40,000.00
Sanders County, Hospital	15,000.00
Silver Bow County, General Obligation.	23,000.00
Toole County, Kevin Water Bonds.	30,000.00
City of Columbia Falls, General Obligation	45,000.00
City of Cut Bank, General Obligation	41,000.00
Town of Denton, General Obligation	17,500.00
Town of Fairfield	42,000.00
City of East Helena	66,000.00
City of Polson	33,200.00
City of Sidney, Swimming Pool Bonds.	35,000.00
City of White Sulphur Springs.	12,000.00
Augusta High School.	50,000.00
Blaine County, Turner High School.	42,000.00
Cascade County High School District "B".	21,840.90
Chouteau County High School District #1.	37,500.00
Deer Lodge County High School.	170,000.00
Fergus County Denton High School	15,000.00
Flathead County, Whitefish High School	14,570.33
Lincoln County, Libby High School.	4,750.00
Richland County, Fairview High School.	13,000.00
Rosebud County High School.	75,000.00
Teton County, Dutton High School.	177,000.00
Toole County High School.	32,000.00
Yellowstone County, Broadview High School.	37,128.00
Broadwater County, S.D. No. 7.	82,200.00
Cascade County, S.D. No. 3	18,197.20
Custer County, S.D. No. 1.	10,000.00
Fallon County, S.D. No. 12	49,000.00
Fergus County, S.D. No. 84	26,000.00
Glacier County, S.D. No. 15.	14,814.49
Hill County, S.D. No. 16	92,500.00
Jefferson County, S.D. No. 2	28,000.00
Jefferson & Madison Counties, S.D. Nos. 4 & 47	31,000.00
Lincoln County, S.D. No. 4	101,000.00
Phillips County, S.D. No. 14	24,824.47
Pondera County, S.D. No. 10.	28,000.00
Rosebud County, S.D. No. 9	20,000.00
Sanders County, S.D. No. 2	19,721.67
Sheridan County, S.D. No. 20	87,750.00
Silver Bow County, S.D. No. 1.	32,500.00
Toole County, S.D. No. 11	10,000.00
Yellowstone County, S.D. No. 21.	6,300.00

TOTAL MONTANA MUNICIPAL BONDS

\$1,783,547.06

UNITED STATES GOVERNMENT BONDS:

Series "G"\$1,500,000.00
Series A-1965	250,000.00
Treasury B-1975	775,000.00
Series "K"	885,000.00
Treasury - 3 $\frac{1}{4}$ % - 1978--83	986,993.75
Treasury - 3% -1995	356,000.00
Series J., 12 year appreciation bonds	<u>144,000.00</u>

TOTAL UNITED STATES GOVERNMENT BONDS	\$4,896,993.75
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MORTGAGES:

F.H.A. Title VI Mortgages\$ 22,687.86
F.H.A. Title II Mortgages	1,380,113.49
Veterans Administration (G.I. Insured Mortgages).	<u>2,532,401.05</u>

TOTAL INSURED MORTGAGES	\$3,935,202.40
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Registered Warrants\$ 46.11
Advance to Social Security Division, P.E.R.S..	<u>5,000.00</u>

TOTAL INVESTMENTS	\$10,620,789.32
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The investments recapitulated above have been examined by the Bank Examiner's Department of the State of Montana and have been declared in balance. The United States Government Bonds and Montana Municipal Bonds are held in the custody of the State Treasurer. The records on mortgages and the Registered Warrants are held in the Retirement System office.

Detail as to numbers, maturity dates, investment yield and other data is a matter of record in the Retirement System office and may be inspected upon request.

GROWTH

During the past fiscal year, the System realized an increase in membership of 642 members as of June 30, 1955. Claims have increased by 210, and compulsory Retirement Extensions have increased by 32. The increase in membership was gained even though separations, followed by refunds, totaled 2,225 and members transferred to claimant status total 210. During the year, the System serviced 13,297 persons employed by the State of Montana or other member agencies.

MEMBERSHIP

Fiscal Year	1945-46	1946-47	1947-48	1948-49	1949-50
State Departments	1,677	2,864	3,242	3,285	3,731
Counties		67	1,129	1,348	1,460
Cities		203	488	610	712
School Districts		46	192	294	328
County High Schools			15	22	28
Other Agencies		50	64	84	99
Inactive Accounts				419	536
Fiscal Year	1950-51	1951-52	1952-53	1953-54	1954-55
State Departments	4,312	4,763	5,088	5,211	5,654
Counties	1,748	1,980	2,264	2,487	2,625
Cities	762	822	1,005	1,146	1,206
School Districts	434	566	628	728	775
County High Schools	45	60	62	72	82
Other Agencies	98	103	111	164	160
Inactive Accounts	725	628	560	380	314
TOTAL	8,124	8,922	9,718	10,188	10,816

CLAIMS	DEATH BENEFIT		DISABILITY	RETIREMENT	TOTAL
	<u>Lump Sum</u>	<u>Survivorship</u>			
Fiscal Year					
1945-46	1				1
1946-47	35		24		59
1947-48	69		38	124	231
1948-49	124		64	239	427
1949-50	162		84	347	593
1950-51	215		113	530	863
1951-52	270		145	622	1,037
1952-53	323		174	732	1,229
1953-54	381	11	199	827	1,418
1954-55	443	23	233	929	1,628

The figures in this chart are cumulative since the beginning of the Retirement System. Death Claims processed during the fiscal year of 1954-55 totaled 61. Disability claims serviced during the year totaled 181 with 12 being removed from the Disability Roll by death or transfer. This leaves a net total of 169 members on Disability Retirement as of June 30, 1955.

Survivorship Annuities were granted to twelve beneficiaries of deceased members bringing to 23 the number being paid as of June 30, 1955.

Service Retirements serviced during the year totaled 759 with 41 being removed from the Retirement Roll by death or transfer. This leaves a net total of 718 members on Service Retirement as of June 30, 1955.

MEMBERSHIP STATUS

STATE DEPARTMENTS

Adjusted Compensation Division	1	Legislature	4
Adjutant General	11	Library Extension Commission	3
Aeronautics Commission	3	Liquor Board	273
Agriculture Department	57	Livestock Commission	61
Apprenticeship Council	6	Livestock Sanitary Board	47
Attorney General	11	School of Mines	30
State Auditor	23	Normal College	18
Bank Examiners	15	Northern Montana College	21
Chancellor's Office	1	Nurses Examining Board	4
Civil Defense	1	Orphans' Home	62
College, Montana State	362	Board of Pardons	3
Controller's Office	26	Personnel Division	1
Custodian, Capitol	30	Plumbing Examiners	1
Deaf and Blind School	18	Poultry Improvement Board	1
District Judges	20	Prison	89
Eastern Montana Normal School	29	P.E.R.S.	11
Entomologist	3	Public Instruction	29
Equalization, Board of	65	Public Welfare	281
Examiners, State Board of	8	Railroad & Oil Conservation	34
Fish and Game Department	185	Registrar of Motor Vehicles	63
Forestry Department	63	Secretary of State	7
Governor's Office	2	Soldiers' Home	16
Grass Conservation Board	1	Supreme Court	11
Hail Insurance	3	Teachers' Retirement System	7
Board of Health	92	Trade Commission	2
Highway	1,628	Training School	96
Highway Patrol	28	Treasurer's Office	6
Historical Library	12	Tuberculosis Sanitarium	287
Home for the Aged	20	U.C.C.	216
State Hospital	405	University	209
Industrial Accident Board	31	Veterans' Welfare Commission	42
Industrial School	54	Vocational Rehabilitation	17
Labor and Industry	3	Vocational School for Girls	22
Land and Investments	20	Water Conservation Board	84
Law Library	2	Ten-Year Inactive Accounts	49
		Inactive Accounts	307

STATE DEPARTMENTS TOTAL 5,654

COUNTIES:

County Attorney	31	Fallon County	21
Beaverhead County	28	Fergus County	54
Big Horn County	48	Flathead County	118
Blaine County	38	Gallatin County	93
Broadwater County	25	Garfield County	23
Carbon County	46	Glacier County	40
Carter County	18	Golden Valley County	17
Cascade County	157	Granite County	32
Choteau County	48	Hill County	61
Custer County	49	Jefferson County	39
Daniels County	26	Judith Basin County	32
Dawson County	40	Lake County	47
Deer Lodge County	42	Lewis & Clark County	96

Liberty County	24	Richland County	48
Lincoln County	34	Roosevelt County	86
Madison County	22	Rosebud County	41
McCone County	28	Sanders County	47
Meagher County	20	Sheridan County	43
Missoula County	99	Silver Bow County	162
Musselshell County	21	Stillwater County	30
Park County	30	Sweetgrass County	16
Petroleum County	9	Teton County	65
Phillips County	49	Toole County	54
Pondera County	60	Treasure County	14
Powell County	33	Valley County	37
Powder River County	16	Wheatland County	25
Prairie County	25	Wibaux County	25
Ravalli County	48	Yellowstone County	145

COUNTIES

TOTAL 2,625

CITIES:

Anaconda	8	Havre	51
Belt	4	Helena	90
Big Sandy	2	Kalispell	51
Billings	195	Laurel	25
Bozeman	76	Lavina	0
Butte	70	Lewistown	15
Cascade	1	Libby	0
Chinook	17	Livingston	22
Choteau	9	Malta	9
Circle	3	Miles City	31
Columbia Falls	8	Missoula	76
Conrad	11	Phillipsburg	5
Culbertson	1	Plains	3
Cut Bank	20	Plentywood	10
Deer Lodge	7	Polson	10
Dillon	15	Poplar	6
East Helena	5	Roundup	13
Fairfield	2	Ryegate	0
Fairview	4	Sidney	20
Forsyth	10	Stanford	2
Glasgow	6	Townsend	4
Glendive	27	Whitefish	16
Great Falls	213	Winnett	0
Hamilton	7	Wolf Point	9
Hardin	17		

CITIES TOTAL 1,206

SCHOOL DISTRICTS:

#1 Big Timber	1	#1 Deer Lodge	9
#1 Butte	52	#1 Glendive	4
#1 Choteau	6	#1 Great Falls	141
#1 Circle	2	#1 Helena	40
#1 Corvallis	3	#1 Garfield County	3

#1 Lewistown	13	#12 Klein	1
#1 Miles City	7	#12 Rosebud	5
#1 Missoula	16	#12 Saco	2
#1 Plains	6	#12 Stanford	5
#1 Red Lodge	5	#1 & 13 Box Elder	1
#1 Scobey	17	#13 Fairview	6
#1 Virginia City	2	#13 Nashua	5
#2 Alberton	8	#14 Chinook	1
#2 Billings	47	#14 Malta	9
#2 Bridger	4	#15 Custer	5
#2 Dodson	2	#15 Cut Bank	6
#2 Helena	1	#16 Havre	11
#2 Sunburst	3	#17 Culbertson	4
#2 Thompson Falls	3	#17 Hardin	12
#3 Cascade	12	#19 Brady	1
#3 Hamilton	8	#20 Plentywood	6
#3 Superior	5	#21 Broadview	2
#4 Forsyth	4	#23 Polson	3
#4 Livingston	8	#23 Roberts	2
#4 & 47 Whitehall	2	#24 Three Forks	1
#5 Kalispell	12	#25 Hobson	1
#5 Park City	1	#27 Augusta	0
#5 Sand Coulee	4	#28 Ronan	18
#5 Sheridan	5	#29 Belt	5
#5 Sidney	10	#30 Power	8
#5 Terry	8	#31 Gilman	0
#6 Ryegate	2	#33 Oilmont	2
#7 Bozeman	7	#38 Bigfork	4
#7 Hinsdale	5	#39 Simms	12
#7 Laurel	10	#41 Lavina	2
#7 Townsend	1	#44 Belgrade	3
#8 Elder Grove	0	#45 Augusta	2
#9 Browning	12	#45 Wolf Point	12
#9 Chinook	0	#50 East Glacier	1
#9 Dixon	3	#52 Absarokee	6
#9 Musselshell	4	#52 Ennis	8
#9 Opheim	11	#53 Wilsall	2
#10 Anaconda	27	#55 Brockton	4
#10 Chinook	8	#55 Roundup	10
#10 Conrad	8	#58 Geyser	3
#10 Dillon	2	#64 Melstone	2
#10 Noxon	2	#75 Greenfields	6
		#159 Winnet	0

SCHOOL DISTRICTS
TOTAL

775

COUNTY HIGH SCHOOLS:

Beaverhead County High	3	Gallatin County High	7
Broadwater County High	6	Jefferson County High	4
Custer County High	6	Missoula County High	16
Dawson County High	4	Park County High	4
Fergus County High	5	Powell County High	5
Flathead County High	15	Sweet Grass County High	7
		COUNTY HIGH SCHOOL TOTAL	82

OTHER AGENCIES:

Billings Water Department	76	Health District III	12
Bitterroot Irrigation Dist.	13	Livingston Water Department	8
Greenfield Irrigation Dist.	22	Malta - Dodson Irrigation	15
Health District II	6	Missoula Public Library	8

OTHER AGENCIES TOTAL

160

